

AMENDED IN ASSEMBLY APRIL 18, 2012

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 2011**

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**Introduced by Assembly Member Gatto**

February 23, 2012

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An act to add Section 79784.5 to the Water Code, relating to the Safe, Clean, and Reliable Drinking Water Supply Act of 2012.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2011, as amended, Gatto. CalConserve Water Conservation Retrofit Program.

Existing law creates the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, which, if approved by the voters at the November 6, 2012, statewide election, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. The act would make \$250,000,000 available, upon appropriation by the Legislature from the Safe, Clean, and Reliable Drinking Water Supply Fund of 2012, for direct expenditures, grants, and loans for water conservation and water use efficiency plans, projects, and programs.

The bill would require up to \$50,000,000 of those water conservation and water use efficiency funds, upon appropriation by the Legislature from the fund, to be allocated to the Department of Water Resources to establish the CalConserve Water Conservation Retrofit Program to provide grants to local water agencies for the implementation of local and regional water conservation *revolving* loan programs, as prescribed,

~~to that~~ assist customers within the service area of the water agency; ~~consistent with the act,~~ to carry out water use efficiency retrofit projects, *consistent with the act.*

This bill would become operative only if ~~the Safe, Clean and Reliable Drinking Water Supply Act of 2012~~ *a general obligation bond act* is approved by the voters at a statewide general election. *This act would be repealed on January 1, 2015.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. It is the intent of the Legislature, in requiring the  
2 establishment of the CalConserve program, to create a sustainable  
3 funding source for water use efficiency retrofits. It is the further  
4 intent of the Legislature that CalConserve help ~~cities and counties~~  
5 *urban retail water suppliers* achieve compliance with water use  
6 reduction mandates in Section ~~10608.16~~ *10608.24* of the Water  
7 Code, and help homeowners and commercial, industrial, and  
8 institutional entities *voluntarily* achieve compliance with  
9 state-mandated standards for water use efficiency for indoor and  
10 outdoor appliances.

11 SEC. 2. Section 79784.5 is added to the Water Code, to read:  
12 79784.5. Of the funds made available in Section \_\_\_\_ for water  
13 conservation and water use efficiency plans, projects, and  
14 programs, upon appropriation by the Legislature from the fund,  
15 up to fifty million dollars (\$50,000,000) shall be allocated to the  
16 department to establish the CalConserve Water Conservation  
17 Retrofit Program. The water conservation retrofit program shall  
18 provide grants to local water agencies for the implementation of  
19 local and regional water conservation *revolving* loan programs  
20 that assist customers within the service area of the water agency  
21 to carry out water use efficiency retrofit projects, consistent with  
22 Section \_\_\_\_, and in accordance with the following:

23 (a) The department shall ~~determine the extent to which available~~  
24 ~~funding shall be distributed geographically to develop program~~  
25 *criteria* to maximize local and statewide conservation and water  
26 use efficiency benefits, *including, but not limited to, geographic*  
27 *distribution of funds and minimum requirements for local revolving*

1 *loan programs to ensure the grants help create a sustainable*  
2 *funding source for water use efficiency retrofits.*

3 (b) As a condition of the grant to the local water agency, the  
4 department shall require the following:

5 (1) (A) A local agency receiving ~~CalConserve~~ funds pursuant  
6 *to this section* shall provide not less than a 30 percent ~~match of its~~  
7 ~~funds cost share from nonstate sources~~ to support the water  
8 conservation retrofit program.

9 (B) A local agency receiving funds pursuant to this section shall  
10 *agree to maintain the minimum revolving loan program*  
11 *requirements established by the department.*

12 (2) A local water conservation retrofit program shall maximize  
13 the local and statewide conservation and water use efficiency  
14 *benefits and shall be consistent with an adopted integrated regional*  
15 *water management plan.*

16 (3) An eligible retrofit project ~~shall~~ *may* include, but is not  
17 limited to, a project that ~~implements a project in compliance with~~  
18 *voluntarily retrofits a landscape to meet the standards of the state*  
19 ~~landscape~~ *model water efficient landscape ordinance or a local*  
20 *water efficient landscape ordinance adopted pursuant to*  
21 *subdivision (c) of Section 65595 of the Government Code.*

22 (4) ~~Loans for project design and construction shall be repaid~~  
23 ~~over a term not longer than 15 years or the useful life of the project~~  
24 ~~constructed or 15 years constructed project or installed equipment~~  
25 *or device, whichever is shorter, and may be repaid in equal*  
26 *installments added to a customer's regular bill.*

27 (c) The department shall annually establish the interest rate for  
28 loans made pursuant to this chapter at 50 percent of the average  
29 interest rate, computed by the true interest cost method paid by  
30 the state on general obligation bonds issued in the prior calendar  
31 year.

32 (d) The local water agency may charge a reasonable  
33 administration fee to be paid along with the *capital and* interest  
34 on the loan over the lifetime of the loan.

35 SEC. 3. (a) This act shall become operative only if ~~the Safe,~~  
36 ~~Clean, and Reliable Drinking Water Supply Act of 2012 is Section~~  
37 ~~\_\_\_ is added to the Water Code by a general obligation bond act~~  
38 *approved by the voters at a statewide general election.*

1     ***(b) This act shall remain in effect only until January 1, 2015,***  
2     ***and as of that date is repealed, unless a later enacted statute, that***  
3     ***is enacted before January 1, 2015, deletes or extends that date.***

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